

37 Am. Jur. 2d Fraud and Deceit § 176

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Fraud and Deceit

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IV. False Representations

G. Representations and Statements as to Particular Matters

3. Value, Cost, and Income of Property

b. Cost or Price Paid, Offers, Etc.

§ 176. Effect of special circumstances

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

Even in jurisdictions in which a mere misrepresentation as to the cost of property does not of itself constitute actionable deceit, there may exist circumstances that in connection with the misrepresentation will constitute grounds for actionable deceit, such as where the parties do not stand on an equal footing,¹ where confidential relationships exist,² or where the representations amount to dishonest estimates, as where an architect deliberately misrepresents the cost of a building which is to be constructed.³ Moreover, whatever conflict there may be as to the fraudulent character of representations of cost generally, the courts sustain the doctrine that where, by the agreement, the cost to the transactor disposing of the subject matter thereof is taken as the criterion by which the instant price is to be determined, statements as to the cost are material and essential elements of the contract, and any misrepresentation or fraudulent practices with reference thereto, if relied upon by the representee, constitute actionable fraud,⁴ whether the price to be paid by the representee is based on the price paid by the disposing owner⁵ or by others,⁶ and especially where the parties contemplate future business relations to grow out of the sale.⁷

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Footnotes

- 1 [Beare v. Wright](#), 14 N.D. 26, 103 N.W. 632 (1905).
- 2 [Beare v. Wright](#), 14 N.D. 26, 103 N.W. 632 (1905).
- 3 [Lane v. Inhabitants of Town of Harmony](#), 112 Me. 25, 90 A. 546 (1914).
- 4 [Beare v. Wright](#), 14 N.D. 26, 103 N.W. 632 (1905); [Bergeron v. Miles](#), 88 Wis. 397, 60 N.W. 783 (1894).

"Invoice value" has a definite meaning, and a false statement as to it may be actionable where it was determinative of the price paid by the buyer. [Knopfler v. Flynn](#), 135 Minn. 333, 160 N.W. 860 (1917).

5 [Fellows v. Sapp](#), 45 Ga. App. 89, 163 S.E. 314 (1932); [Knopfler v. Flynn](#), 135 Minn. 333, 160 N.W. 860 (1917); [McBee v. Deussenberry](#), 99 W. Va. 176, 128 S.E. 378 (1925).

6 [Beare v. Wright](#), 14 N.D. 26, 103 N.W. 632 (1905).

7 [Kohl v. Taylor](#), 62 Wash. 678, 114 P. 874 (1911).

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